

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5106-01
Bill No.: HB 1716
Subject: Higher Education Department
Type: Original
Date: January 7, 2016

Bill Summary: This proposal changes the law by adding virtual institutions to the “Access Missouri Financial Assistance Program.”

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
General Revenue	\$0 to (\$925,000)	\$0 to (\$925,000)	\$0 to (\$925,000)
Total Estimated Net Effect on General Revenue	\$0 to (\$925,000)	\$0 to (\$925,000)	\$0 to (\$925,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on FTE	0	0	0

☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Oversight notes this proposal would allow students that attend approved virtual institutions to receive money from the Access Missouri Financial Assistance Program. Approved virtual institution is defined as an institution recognized by executive order. Currently, there is only one virtual institution that would qualify, Western Governors University (Executive Order 13-04).

The Access Missouri program is designed to provide need based financial aid to eligible Missouri residents. Students with an expected family contribution below the established cutoff are eligible for the award. Award amounts are graduated, using statutory formula, based on the student's expected family contribution.

Starting in FY 2015 and beyond the award amounts are:

Public two-year sector = \$300 minimum and \$1,300 maximum

Public four-year sector and State Technical College = \$1,500 minimum and \$2,850 maximum

Private institutions = \$1,500 minimum and \$2,850 maximum.

Table 1 - Number of Students Receiving Grant

	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Projected	FY 2017 Target	FY 2018 Target
Number of Students	55,858	52,826	51,367	49,500	49,000	49,000
Appropriated Amount	\$64,067,301	\$60,664,771	\$59,933,326	\$69,500,000	N/A	N/A

Source: Department of Higher Education

N/A = Not Available

Officials at the **Department of Higher Education (DHE)** assume that to be eligible for Access Missouri, students need to file their FAFSA by April 1st of each year. While not all students will file by that deadline, we do expect the number who do to increase. However, that projection cannot be determined, so calculations are based on the number of students who have filed by the deadline this year.

Since an increase in the number of eligible students does not require a specific increase in the appropriation to the program, the projected fiscal impact of this change is zero. However, there are about 500 students who indicated they will attend Western Governors University during the

ASSUMPTION (continued)

2015-2016 academic year who have an expected family contribution of less than \$12,000, making them potentially eligible for an award. The current award amount is at the statutory minimum of \$1,850, and adding this pool of students would require \$925,000 (500 students * \$1,850 = \$925,000) to continue to meet that minimum obligation.

Oversight notes each year the Legislature appropriates funding for the Access Missouri Financial Assistance Program. In FY 2016, \$69,500,000 was appropriated for a projected 49,500 students. Should the amount of the appropriation remain the same and the number of eligible students increase, then the amount distributed to each individual student would be reduced. Should the Legislature decide to increase the appropriation to cover these students then General Revenue would be impacted but the individual student's funding level would not. Oversight will show the impact as \$0 (no additional funds appropriated) to the \$925,000 estimated by DHE.

Officials at the **Office of the Governor** assume there is no fiscal impact from this proposal.

Officials at the **Missouri State University** assume a negative impact that cannot be determined at this time.

Officials at the **Jefferson College, Metropolitan Community College, State Technical College of Missouri, St. Louis Community College, University of Central Missouri** and the University of Missouri each assume there is no fiscal impact from this proposal to their respective institutions.

Officials at the following colleges: Crowder, East Central Community College, Harris-Stowe, Lincoln University, Moberly Area Community College, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University, State Fair Community College, St. Charles Community College, Three Rivers Community College and the Truman State University did not respond to **Oversight's** request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
GENERAL REVENUE			
<u>Cost - Dept of Higher Education - increased Access MO funding for students attending a virtual institution</u>	<u>\$0 to</u> <u>(\$925,000)</u>	<u>\$0 to</u> <u>(\$925,000)</u>	<u>\$0 to</u> <u>(\$925,000)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>\$0 to</u> <u>(\$925,000)</u>	<u>\$0 to</u> <u>(\$925,000)</u>	<u>\$0 to</u> <u>(\$925,000)</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

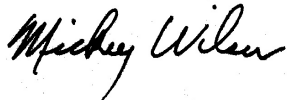
FISCAL DESCRIPTION

This bill adds approved virtual institutions to the Access Missouri Financial Assistance Program that are recognized as a qualifying institution by a gubernatorial executive order issued before August 28, 2016 and through a memorandum of understanding between the State of Missouri and the approved virtual institution.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Higher Education
Jefferson College
Metropolitan Community College
Missouri State University
Office of the Governor
State Technical College
St. Louis Community College
University of Central Missouri
University of Missouri

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
January 7, 2016

Ross Strobe
Assistant Director
January 7, 2016